

## **INTRODUCTION**

Wexford County Friend of the Court (FOC) had a contract with the Michigan Family Independence Agency (FIA) to enforce all orders of support over which Wexford County FOC had jurisdiction, to locate absent parents, and to provide certain reports on child support collections to FIA. The Wexford County FOC billed FIA monthly under the actual cost reimbursement billing method. FIA reimbursed Wexford County FOC for their costs based on the Federal IV-D Program regulations.

## **SCOPE**

We performed an audit of the costs submitted for reimbursement by the Wexford County FOC for the period January 1 through December 31, 1998. Our audit was conducted in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. We performed the audit tests that we determined were necessary to determine if costs charged were proper, accurate, documented, and charged in accordance with the terms of the contract.

## **EXECUTIVE SUMMARY**

We found that the Wexford County FOC overbilled FIA for some line items. The State share of the net amount overbilled was \$ 6,598 (See Schedule A.)

Our report recommends the Family Independence Services Administration initiate the process to recoup \$6,598 from the Wexford County FOC.

## **FOC RESPONSE**

Per our telephone conversation on March 2, 2001, the Wexford County Friend of the Court is in general agreement with the findings in this report.

## **FINDINGS**

### **Personnel -Health Insurance Expense.**

1. The Wexford County FOC underbilled FIA for health insurance expenses of \$1,496 due to using a lower premium rate. (See Schedule A.)

### **Central Service Cost – Telephone Charges**

2. The Wexford County FOC overbilled FIA for direct telephone expenses by \$4,492. Telephone charges were billed through both the cost allocation plan and under other direct cost line item. The County paid telephone charges from the general fund account. (See Schedule A.)

### **Other Direct Costs-Undocumented Costs**

3. The Wexford County FOC overbilled FIA for undocumented other direct costs of \$6,399. The costs were billed for but not recorded in the general ledger. (See Schedule A.)

WE RECOMMEND the Family Independence Services Administration initiate the process to recoup \$6,598 from the Wexford County FOC.

Finding #	Line Item	Year	(Over)/Under Billed Gross Amount	IV-D %	(Over)/Under Billed IV-D Amount	Due (State) County
1	Personnel	1998	1,533	97.59%	\$ 1,496	
2	Central Service	1998	(4,492)	97.59%	\$ (4,384)	
3	Other Direct	1998	(6,557)	97.59%	\$ (6,399)	

**Grand Total of the IV-D Audit Adjustments** \$ (9,287)

**Calculation of the Payment Due the (State) County**

		Total	
Audited IV-D Amount	13,367	13,367	
IV-D Amount Used for the Payments Actually Made	(22,654)	(22,654)	
IV-D Audit Adjustment Due (State)	(9,287)	(9,287)	
County			
State Share %	71.05%		
	(6,598)		(6,598)